

**OFFICE OF MANAGEMENT AND BUDGET****Discount Rates for Cost-Effectiveness Analysis of Federal Programs**

**AGENCY:** Office of Management and Budget.

**ACTION:** Revisions to Appendix C of OMB Circular A-94.

**SUMMARY:** The Office of Management and Budget revised Circular A-94 in 1992. The revised Circular specified certain discount rates to be updated annually when the interest rate and inflation assumptions used to prepare the budget of the United States Government were changed. These discount rates are found in Appendix C of the revised Circular. The updated discount rates are shown below. The

discount rates in Appendix C are to be used for cost-effectiveness analysis, including lease-purchase analysis, as specified in the revised Circular. They do not apply to regulatory analysis.

**DATES:** The revised discount rates are effective immediately and will be in effect through January 2000.

**FOR FURTHER INFORMATION CONTACT:**

Robert B. Anderson, Office of Economic Policy, Office of Management and Budget, (202) 395-3381.

**Joseph J. Minarik,**

*Associate Director for Economic Policy, Office of Management and Budget.*

**Appendix C—(Revised January 1999); Discount Rates for Cost-Effectiveness, Lease Purchase, and Related Analyses**

*Effective Dates.* This appendix is updated annually around the time of the President's

budget submission to Congress. This version of the appendix is valid through the end of January, 2000. Copies of the updated appendix and the Circular can be obtained from the OMB Publications Office (202-395-7332) or in an electronic form through the OMB home page on the world-wide WEB, <http://www.whitehouse.gov/WH/EOP/omb>. Updates of this appendix are also available upon request from OMB's Office of Economic Policy (202-395-3381), as is a table of past years' rates.

*Nominal Discount Rates.* Nominal interest rates based on the economic assumptions from the budget are presented below. These nominal rates are to be used for discounting nominal flows, which are often encountered in lease-purchase analysis.

**NOMINAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES [IN PERCENT]**

3-year	5-year	7-year	10-year	30-year
4.7	4.8	4.9	4.9	5.0

*Real Discount Rates.* Real interest rates based on the economic assumptions from the

budget are presented below. These real rates are to be used for discounting real (constant-

dollar) flows, as is often required in cost-effectiveness analysis.

**REAL INTEREST RATES ON TREASURY NOTES AND BONDS OF SPECIFIED MATURITIES [IN PERCENT]**

3-year	5-year	7-year	10-year	30-year
2.6	2.7	2.7	2.7	2.9

Analyses of programs with terms different from those presented above may use a linear interpolation. For example, a four-year project can be evaluated with a rate equal to the average of the three-year and five-year rates. Programs with durations longer than 30 years may use the 30-year interest rate.

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**OFFICE OF MANAGEMENT AND BUDGET****Provision of Specialized or Technical Services to State and Local Units of Government by Federal Agencies Under Title III of the Intergovernmental Cooperation Act of 1968**

**AGENCY:** Office of Management and Budget, Executive Office of the President.

**ACTION:** Notice of proposed supplemental revisions to OMB Circular A-97.

**SUMMARY:** The Office of Management and Budget (OMB) publishes a notice of proposed supplemental revisions to OMB Circular No. A-97, "Rules and

Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government, Under Title III of the Intergovernmental Cooperation Act of 1968." This revision supplements OMB's proposed revisions to the Circular published in the **Federal Register** on January 14, 1998 (63 FR 2288), by proposing revisions to the certification process in paragraph 7.c. of the Circular. The proposed new certification requirements are intended to further the Circular's policy of ensuring that Federal agencies do not provide commercial services to State and local governments that they can procure reasonably and expeditiously from the private sector through ordinary business channels.

**DATES:** Written comments on the proposed supplemental revisions must be received on or before April 19, 1999.

**ADDRESSES:** Comments regarding the proposed changes to OMB Circular A-97 should be addressed to Mr. David Childs, Budget Analysis and Systems Division, NEOB Room 6002, Office of Management and Budget, 725 17th

Street, N.W., Washington, D.C. 20503, FAX Number (202) 395-7230.

Comments regarding the collection of information requirements should be addressed to: Mr. Edward Springer, OMB Desk Officer, Office of Information and Regulatory Affairs, OMB, Room 10236, New Executive Office Building, Washington, D.C. 20503.

**FOR FURTHER INFORMATION CONTACT:** Mr. David Childs, Budget Analysis and Systems Division, NEOB Room 6002, Office of Management and Budget, 725 17th Street, N.W., Washington, D.C. 20503, Telephone Number: (202) 395-6104.

**SUPPLEMENTARY INFORMATION:**

**Availability**

Copies of the current OMB Circular A-97 may be obtained by contacting the Executive Office of the President, Office of Administration, Publications Office, Washington, D.C. 20503, at (202) 395-7332, along with Circular A-76 ("Performance of Commercial Activities") and its March 1996 Supplemental Handbook. These Circulars are also accessible on the OMB Home page. The online OMB Home